

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Modification of Mail Classification
Regarding First-Class Mail
Single-Piece Residual Price Table

Docket No. MC2013-30

NOTICE OF ERRATA TO THE
COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE

The Association of Postal Commerce (“PostCom”) hereby provides notice of errata to the Comments of the Association for Postal Commerce filed in this docket on January 17, 2013. The last sentence of the first paragraph of those comments states that the Mailing and Fulfillment Service Association (“MFSA”) joins with PostCom in the comments. The organization formerly known as the Mailing and Fulfillment Service Association is now known as the Association for Marketing Service Providers (“AMSP”). A corrected version of the comments with the correct name for this entity follows this notice.

Respectfully submitted,

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Modification of Mail Classification Regarding First-Class Mail Single-Piece Residual Price Table

Docket No. MC2013-30

COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE

Pursuant to Commission Order No. 1615, the Association for Postal Commerce ("PostCom") hereby submits these comments to respond to the U.S. Postal Service's filing related to First-Class Mail Single-Piece Residual and its corresponding price table. The Association for Marketing Service Providers ("AMSP") joins in these comments.

I. INTRODUCTION

In its most recent Notice of Rate Change filing, the Postal Service introduced a "solution" for Commercial Residual Single-Piece First-Class Mail. The Postal Service proposed a new rate category within the Commercial First Class Rate Product applicable to those pieces within a mailing that otherwise qualifies for FCM automation or presort rates but that cannot for some reason meet the automation or presort standards; under the new price category, these residual pieces would be rated separately but would not require a separate mailing statement or special preparation. The Postal Service explained:

Commercial Residual mail is mail remaining after completion of a presort sequence. Commercial Residual mail lacks the volume set by standard to require or allow tray preparation to a particular destination. Commercial Residual mail usually does not qualify for a presort price. Commercial Residual mail is also referred to as *nonqualifying* or *working* mail. These pieces are recorded on the same postage statement as the presort/automation pieces.

Conceptually, the idea of a residual rate is sound. The new category would simplify mail preparation and enable both the mailer (or mail service provider) and the Postal Service to reduce administrative costs related to the preparation of mail. The problems lie in the implementing rules the Postal Service tried to attach to the new category, problems that are not solved by the filing that is the subject of this docket.

The first problem is that mailers cannot be forced to use the new residual rate category for pieces weighing one ounce or less. Single Piece First Class Retail Mail is, as a matter of law, the “default “ product and can be used for any mail regardless of whether it is also eligible for another rate. *See* DMM § 133.3.1 “[A]ny mailable item . . . may be mailed as First-Class Mail.”) The final implementing rule published by the Postal Service on December 20 is ambiguous on this score, stating that “single-piece price letters that are presented as residual pieces from either a Presorted or automation mailing are charged the residual single-piece price for letters up to 2 ounces.” 77 Fed. Reg. 75362, 75365 (DMM § 233.1.2) (Dec. 20, 2012). Perhaps unintentionally, this statement suggests that residual pieces weighing less than one ounce cannot be entered at the 46 cent single piece rate, and must instead be entered at the 48 cent rate for mixed residual mailings.

In the filing that is the subject of this docket, it seems the Postal Service attempted to erase this ambiguity. The footnote that the Postal Service proposes to add to the Mail Classification schedule specifies that “Single-Piece Machinable Letter prices apply to Residual mailings for which one-ounce residual letters are separated from two-ounce residual letters,” apparently acknowledging that one-ounce letters can always be mailed at the retail rate. Notice of the United States Postal Service of Minor

Classification Changes Related to First-Class Mail Single Piece Residual Price Table,
Docket No. MC2013-30, at page 3 (footnote 1 to edited MCS section 1105.5)

Unfortunately, the instant filing seems to have further altered the implementing rule, as that same footnote states, “This price applies **only** to **mixed** mailings of residual one-ounce and two-ounce machinable letters.” *Id.* (emphasis added).

This latter change is not a “minor” classification change. Rather, by suggesting that if all the residual pieces of a presort mailing are two ounce pieces, those residual pieces are not eligible for the 48 cent residual rate, it completely alters the implementing rules in a way which not only upsets any value to the category but, more importantly, nullifies the very substantial programming and other costs that mailers have incurred to be in a position to comply with the new prices which become effective in less than two weeks. While the Postal Service has suggested in subsequent discussions with mailers that it did not intend to disqualify all two ounce residual mailings from the mixed residual rate, mailers can only rely on what the Postal Service has filed with the Commission. And this filing, rather than advance the laudable goal of simplifying the mailing process by allowing mailers to enter residual First-Class Mail pieces at a blended rate on the same mailing statement as the presort mailing, has instead engendered nothing but confusion in the mailing community. As an example of the unnecessary complexity the Postal Service has imposed, the Postal Service has created a draft working document which purports to explain how Commercial Mail with residual pieces must be entered; it contains about 14 different scenarios that mailers are expected to deal with in preparing mail with residual pieces. With less than two weeks before the new rates take effect, the Postal Service’s filing, and the confusion it engenders, amounts to a denial of Due Process. More

importantly, at a time when the Postal Service desperately needs to increase mail volumes, the nebulous standards surrounding the residual First-Class Mail price are likely to have the opposite effect as mailers will simply decline to mail residual pieces rather than invest in updating their software and processes to handle ever-changing requirements.

PostCom submits that the Commission's duty in these circumstances is clear. It should simply reject the classification change the Postal Service has proposed in this Docket but should leave the already approved Residual Rate Category in place exactly as it is. Although we do not think it advisable or appropriate for the Commission to become involved in development of implementation rules, it can and should encourage the Postal Service to do what it should have done before this category was created: work with the mailers to come up with a set of policies to implement what is conceptually a sound approach to the handling of residual pieces. With the encouragement of the Commission, we are confident that mailers and the Postal Service can, working together, resolve the question of what mail qualifies for the residual rate category through implementing rules that do not needlessly burden either the Postal Service or mailers. While this remedy may mean that both the Postal Service and mailers will be denied the advantages that the new residual category offers in terms cost reduction until an agreement is reached, the delay provides an incentive to both sides to come to terms on implementing rules as quickly as possible.

Respectfully submitted,

/s/ Ian D. Volner

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